

**SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/13/11

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
BOARD OF COMMISSIONERS  
SEPTEMBER 30, 2010

<u>Commissioners</u>	<u>Office</u>	<u>Year Elected</u>	<u>Term</u>
Dianne Lampman	President	2008	5 yrs.
Robert Marshall	Vice-President	2007	2 yrs.
Francine Elliott	Sec./Treasurer	2010	1 yrs.
Rodney DeRouch		2008	2 yrs.
Jeff Webb		2010	2 yrs.

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
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SEPTEMBER 30, 2010

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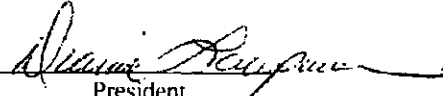
SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

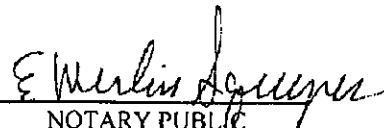
AFFIDAVIT

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Personally came and appeared before the undersigned authority, Dianne Lampman, President of the South Toledo Bend Waterworks District, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of South Toledo Bend Waterworks District at September 30, 2010 and the results of operations for the year then ended in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

  
President

Sworn to and subscribed before me, this 14<sup>th</sup> day of February, 2011.

  
NOTARY PUBLIC  
E. Merlin Sguys, ID #033269

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# HINES, SHEFFIELD & SQUYRES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS  
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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
South Toledo Bend Waterworks District  
Many, Louisiana 71449

We have audited the accompanying basic financial statements of the South Toledo Bend Waterworks District, Many, Louisiana, a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 2010, as listed in the table of contents. These basic financial statements are the responsibility of management of the South Toledo Bend Waterworks District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Toledo Bend Waterworks District as of September 30, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 14, 2011 on our consideration of the South Toledo Bend Waterworks District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis information on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the South Toledo Bend Waterworks District taken as a whole. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The financial information for the year ended September 30, 2009, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated February 8, 2010, on the basic financial statements of the South Toledo Bend Waterworks District.

***Hines, Sheffield & Squyres***

Natchitoches, Louisiana  
February 14, 2011

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010

The Management's Discussion and Analysis of South Toledo Bend Waterworks District's financial performance presents a narrative overview and analysis of South Toledo Bend Waterworks District's financial activities for the year ended September 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in South Toledo Bend Waterworks District's financial statements, which begin on page 8.

**FINANCIAL HIGHLIGHTS**

- 1) The South Toledo Bend Waterworks District had cash and cash equivalents of \$508,072 at September 30, 2010 which represents an increase of \$79,569 from prior year end.
- 2) The South Toledo Bend Waterworks District had accounts receivable of \$111,973 at September 30, 2010 which represents a decrease of \$95,056 from prior year end.
- 3) The South Toledo Bend Waterworks District had accounts payable and accruals of \$144,618 at September 30, 2010 which represents a decrease of \$17,701 from prior year end.
- 4) The South Toledo Bend Waterworks District had total operating revenues of \$1,081,039 for the year ended September 30, 2010 which represents an increase of \$61,581 from prior year.
- 5) The South Toledo Bend Waterworks District had charges for services revenues of \$1,036,323 for the year ended September 30, 2010 which represents an increase of \$58,194 from prior year.
- 6) The South Toledo Bend Waterworks District had total operating expenses of \$1,031,574 for the year ended September 30, 2010 which represents an increase of \$139,475 from prior year.
- 7) The South Toledo Bend Waterworks District had salaries and commissioners' fees of \$251,153 for the year ended September 30, 2010 which represents an increase of \$23,593 from prior year.
- 8) The South Toledo Bend Waterworks District had interest expense of \$164,027 for the year ended September 30, 2010 which represents a decrease of \$5,769 from prior year.
- 9) The South Toledo Bend Waterworks District had capital asset purchases of \$150,440 for the year ended September 30, 2010 which represents a decrease of \$1,216,462 from prior year.
- 10) The South Toledo Bend Waterworks District had long-term debt principal payments of \$95,705 for the year ended September 30, 2010 which represents an increase of \$4,663 from prior year.
- 11) The South Toledo Bend Waterworks District had long-term debt of \$3,209,997 for the year ended September 30, 2010 which represents a decrease of \$95,705 from prior year.

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for South Toledo Bend Waterworks District as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments.

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information  
(Other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**Basic Financial Statements**

This annual report consist of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets and Cash Flows (on pages 8, 9 and 10) provide information about the activities of South Toledo Bend Waterworks District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the Fund's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
As of Year End

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 648,325	\$ 665,518
Capital assets, net	<u>5,511,808</u>	<u>5,653,790</u>
<b>Total Assets</b>	<b><u>\$ 6,160,133</u></b>	<b><u>\$ 6,319,308</u></b>
Accounts payable, accruals and other liabilities	\$ 167,718	\$ 184,919
Long-term debt	<u>3,209,997</u>	<u>3,305,702</u>
<b>Total Liabilities</b>	<b><u>3,377,715</u></b>	<b><u>3,490,621</u></b>
Net assets		
Investment in capital assets, net of related debt	2,301,811	2,348,088
Restricted	1,856	3,149
Unrestricted	<u>478,751</u>	<u>477,450</u>
<b>Total Net Assets</b>	<b><u>2,782,418</u></b>	<b><u>2,828,687</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,160,133</u></b>	<b><u>\$ 6,319,308</u></b>

Net assets of the South Toledo Bend Waterworks District's decreased by \$46,269 or 1.64% from the previous fiscal year. The decrease is the result of operating and nonoperating expenses exceeding operating and nonoperating revenues during the fiscal year ended 2010 (See table below).

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
For the Year Ended

	<u>2010</u>	<u>2009</u>
Operating Revenues	\$ 1,081,039	\$ 1,019,458
Operating Expenses	<u>1,031,574</u>	<u>892,099</u>
<b>Operating Income</b>	<b><u>49,465</u></b>	<b><u>127,359</u></b>
Nonoperating Revenues/(Expenses)	<u>(111,919)</u>	<u>(115,218)</u>
<b>Income/(loss) before contributions</b>	<b><u>(62,454)</u></b>	<b><u>12,141</u></b>
Capital contributions	<u>16,185</u>	<u>1,460,705</u>
<b>Change in net assets</b>	<b><u>\$ (46,269)</u></b>	<b><u>\$ 1,472,846</u></b>

The South Toledo Bend Waterworks District's total operating revenues increased by \$61,581 or 6.04% from the previous year. The total operating expenses increased by \$139,475 or 15.63% from the previous year.





SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010

**ECONOMIC FACTORS AND NEXT YEAR'S RATES AND FEES**

Management of South Toledo Bend Waterworks District consider the following factors and indicators when setting next year's rates and fees. These factors and indicators include:

- 1) Long-term debt
- 2) Cost of operations
- 3) Number of customers
- 4) State and federal grants

The South Toledo Bend Waterworks District's management does not expect any significant changes in next year's results as compared to the current year.

**CONTACTING SOUTH TOLEDO BEND WATERWORKS DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the South Toledo Bend Waterworks District's finances and to show South Toledo Bend Waterworks District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dianne Lampman, President, 3260 Little Flock Road, Many, Louisiana 71449.

## EXHIBIT A

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 504,924	\$ 423,617
Accounts receivable	111,973	207,029
Inventory	<u>3,050</u>	<u>3,050</u>
Total Current Assets	619,947	633,696
Noncurrent Assets		
Restricted assets	3,148	4,886
Capital assets, net	5,511,808	5,653,790
Unamortized bond costs, net	24,975	26,681
Deposits	<u>255</u>	<u>255</u>
Total Assets	<u>\$ 6,160,133</u>	<u>\$ 6,319,308</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current Liabilities		
Current portion of long-term debt	\$ 100,240	\$ 95,691
Accounts payable and accruals	<u>144,618</u>	<u>162,319</u>
Total Current Liabilities	244,858	258,010
Noncurrent Liabilities		
Long-term debt, net of current portion	3,109,757	3,210,011
Customer deposits	<u>23,100</u>	<u>22,600</u>
Total Liabilities	3,377,715	3,490,621
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	2,301,811	2,348,088
Restricted		
Retirement of long-term debt	1,856	3,149
Unrestricted	<u>478,751</u>	<u>477,450</u>
Total Net Assets	<u>2,782,418</u>	<u>2,828,687</u>
Total Liabilities and Net Assets	<u>\$ 6,160,133</u>	<u>\$ 6,319,308</u>

The accompanying notes are an integral part of this statement.

## EXHIBIT B

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 1,036,323	\$ 978,129
Connection fees	25,000	17,975
Late fees	9,517	12,217
Miscellaneous	<u>10,199</u>	<u>11,137</u>
Total Operating Revenues	1,081,039	1,019,458
<b>OPERATING EXPENSES</b>		
Amortization	1,706	1,706
Automobile expense	9,460	8,009
Bad debt expense	538	743
Chemicals	121,256	110,418
Collection expense	9,022	9,462
Commissioners' fees	3,600	3,120
Computer services	10,419	9,578
Depreciation	292,422	226,924
Insurance	25,438	26,167
Legal and accounting	16,810	17,110
Licenses and permits	5,365	5,365
Materials and supplies	18,796	13,142
Meter installation costs	17,000	12,450
Miscellaneous	5,457	3,983
Office and other expenses	14,362	13,444
Payroll taxes	4,714	4,350
Rental	4,200	4,200
Repairs and maintenance	62,121	59,414
Retirement	34,178	26,136
Salaries	247,553	224,440
Secretary services	6,600	7,200
Telephone	3,923	3,874
Utilities	84,368	66,179
Water purchases	<u>32,266</u>	<u>34,685</u>
Total Operating Expenses	<u>1,031,574</u>	<u>892,099</u>
Operating Income/(Loss)	49,465	127,359
<b>Nonoperating Revenues/(Expenses)</b>		
Taxes - ad valorem	48,348	51,240
Interest income	3,760	3,338
Interest expense	<u>(164,027)</u>	<u>(169,796)</u>
Total Nonoperating Revenues/(Expenses)	<u>(111,919)</u>	<u>(115,218)</u>
Income/(loss) before contributions	(62,454)	12,141
Capital contributions	<u>16,185</u>	<u>1,460,705</u>
Change in Net Assets	(46,269)	1,472,846
Net Assets, Beginning of year	<u>2,828,687</u>	<u>1,355,841</u>
Net Assets, End of year	<u>\$ 2,782,418</u>	<u>\$ 2,828,687</u>

The accompanying notes are an integral part of this statement.

## EXHIBIT C

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 1,079,851	\$ 982,781
Cash payments to suppliers for goods and services	(525,591)	(416,026)
Cash payments to employees and board members for services	(229,605)	(235,824)
Other operating revenues/(expenses)	<u>9,964</u>	<u>11,265</u>
Net Cash From Operating Activities	334,619	342,196
Cash Flows From Capital and Related Financing Activities		
Cash receipts of taxes	48,348	51,240
Capital contributions	103,965	1,373,925
Principal payments on general obligation bonds	(41,000)	(39,000)
Principal payments on revenue bonds	(54,705)	(52,042)
Acquisition/construction of capital assets	(150,440)	(1,366,902)
Interest paid	<u>(164,978)</u>	<u>(170,299)</u>
Net Cash From Capital and Related Financing Activities	(258,810)	(203,078)
Cash Flows From Investing Activities		
Interest income	<u>3,760</u>	<u>3,338</u>
Cash Flows From Investing Activities	<u>3,760</u>	<u>3,338</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	79,569	142,456
Cash and Cash Equivalents, Beginning of year	<u>428,503</u>	<u>286,047</u>
Cash and Cash Equivalents, End of year	<u>\$ 508,072</u>	<u>\$ 428,503</u>
	<u>2010</u>	<u>2009</u>
Reconciliation of Operating Income to Net Cash From Operating Activities		
Operating income/(loss)	\$ 49,465	\$ 127,359
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation expense	292,422	226,924
Amortization	1,706	1,706
Bad debt expense	538	743
(Increase)/decrease in operating assets		
Accounts receivable	7,738	(26,155)
Prepaid expenses	0	13,704
Inventory	0	0
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	(16,750)	(4,585)
Customer deposits	(500)	2,500
Net Cash Flows From Operating Activities	<u>\$ 334,619</u>	<u>\$ 342,196</u>

The accompanying notes are an integral part of this statement.

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

The South Toledo Bend Waterworks District, a political subdivision of the Sabine Parish Police Jury, was formed December 21, 1988. The District's purpose is to provide water service to any user within the geographical bounds of the district. It is operated by a board which consists of five commissioners appointed by the Police Jury to serve terms varying from one to five years.

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.        Basis of Accounting**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles. The accompanying financial statements of South Toledo Bend Waterworks District present information only as to the transactions of the programs of South Toledo Bend Waterworks District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of South Toledo Bend Waterworks District are maintained in accordance with applicable statutory provisions:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B.        Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, South Toledo Bend Waterworks District defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C.      Receivables**

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

**D.      Bad Debts**

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At September 30, 2010, \$6,674 were considered to be uncollectible.

**E.      Capital Assets**

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by South Toledo Bend Waterworks District are charged as an expense against operations in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements, 7 to 40 years for the distribution system, 5 years for automobiles and 5 to 10 years for machinery and equipment. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

**F.      Compensated Absences**

All full time employees of South Toledo Bend Waterworks District are entitled to one week of vacation each year. Vacation time may not be carried over from one year to the next and does not vest or accumulate. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

**G.      Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II.      Unamortized Bond Costs**

Bond issue costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method. Total bond issue costs and bond discounts (deferred debt expense) paid by South Toledo Bend Waterworks District, was \$55,123. The amortization expense related to deferred debt expense was \$1,706 for the year ended September 30, 2010.

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE 2      DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**A.      Deposits with Financial Institutions**

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law South Toledo Bend Waterworks District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the Fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The deposits at September 30, 2010 were secured as follows:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	<u>\$ 508,072</u>	<u>\$ 0</u>	<u>\$ 508,072</u>
Bank Balances (Category 3 Only, If Any)			
a. Uninsured and uncollateralized	\$ 0	\$ 0	\$ 0
b. Uninsured and uncollateralized with securities held by the pledging institution	0	0	0
c. Uninsured and uncollateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	<u>0</u>	<u>0</u>	<u>0</u>
Total Category 3 Bank Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Bank Balances (All Categories Including Category 3 Reported Above)	<u>\$ 510,119</u>	<u>\$ 0</u>	<u>\$ 510,119</u>

The following is a breakdown by banking institution and amount of the balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
Sabine State Bank	<u>\$ 510,119</u>
Total	<u>\$ 510,119</u>

**B.      Investments**

At September 30, 2010, South Toledo Bend Waterworks District had investments of \$0.



SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE 3      RESTRICTED ASSETS**

At September 30, 2010, South Toledo Bend Waterworks District had the following restricted assets:

Cash and cash equivalents	\$        3,148
Total	<u>\$        3,148</u>

**NOTE 4      ACCOUNTS RECEIVABLE**

The following is a summary of accounts receivable at September 30, 2010:

<u>Class of Receivable</u>	
Charges for services	\$       111,150
Other	<u>             823</u>
Total	<u>\$       111,973</u>

**NOTE 5      CAPITAL ASSETS**

A summary of South Toledo Bend Waterworks District's capital assets at September 30, 2010 follows:

	Balance September 30, 2009	Additions	Retirements	Balance September 30, 2010
Capital Assets, not being depreciated				
Land	\$       72,653	\$           0	\$           0	\$       72,653
Total Capital Assets, not being depreciated	72,653	0	0	72,653
Capital Assets, being depreciated				
Land improvements	9,999	0	0	9,999
Less accumulated depreciation	<u>(2,666)</u>	<u>(667)</u>	<u>0</u>	<u>(3,333)</u>
Total Land Improvements	7,333	(667)	0	6,666
Distribution system	8,229,030	150,440	0	8,379,470
Less accumulated depreciation	<u>(2,682,838)</u>	<u>(282,559)</u>	<u>0</u>	<u>(2,965,397)</u>
Total Distribution System	5,546,192	(132,119)	0	5,414,073
Furniture, machinery and equipment	68,404	0	0	68,404
Less accumulated depreciation	<u>(40,792)</u>	<u>(9,196)</u>	<u>0</u>	<u>(49,988)</u>
Total Furniture, machinery and Equipment	27,612	(9,196)	0	18,416
Total Capital Assets, being depreciated	5,581,137	(141,982)	0	5,439,155
Total Capital Assets, net	<u>\$    5,653,790</u>	<u>\$    (141,982)</u>	<u>\$           0</u>	<u>\$    5,511,808</u>

**SOUTH TOLEDO BEND WATERWORKS DISTRICT**  
**MANY, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**NOTE 6            ACCOUNTS PAYABLE AND ACCRUALS**

The following is a summary of accounts payable at September 30, 2010:

<u>Class of Payable</u>	
Vendor	\$ 70,555
Salaries and related benefits	31,123
Interest	5,516
Other	37,424
Total	<u>\$ 144,618</u>

**NOTE 7            LONG TERM-DEBT**

The following is a summary of debt transactions of South Toledo Bend Waterworks District for the year ended September 30, 2010:

	Balance <u>Sept. 30, 2009</u>	Additions	Deletions	Balance <u>Sept. 30, 2010</u>	Current <u>Amounts</u>
General obligation bonds, series 1992	\$ 110,000	\$ 0	\$ 35,000	\$ 75,000	\$ 35,000
General obligation bonds, series 1998	57,000	0	6,000	51,000	7,000
Revenue bonds #1	2,614,713	0	45,572	2,569,141	48,530
Revenue bonds #2	523,989	0	9,133	514,856	9,710
Total	<u>\$ 3,305,702</u>	<u>\$ 0</u>	<u>\$ 95,705</u>	<u>\$ 3,209,997</u>	<u>\$ 100,240</u>

The terms of the individual debt issues of the District are as follows:

	Interest <u>Rate</u>	Maturity <u>Date</u>	Amount <u>Issued</u>	Amount <u>Outstanding</u>
General obligation bonds, series 1992	6.72%	2012	\$ 455,000	\$ 75,000
General obligation bonds, series 1998	5.25%	2018	95,000	51,000
Revenue bonds #1	5.00%	2037	2,999,000	2,569,141
Revenue bonds #2	5.00%	2037	601,000	514,856
Total			<u>\$ 4,150,000</u>	<u>\$ 3,209,997</u>

The annual requirements to amortize all debt outstanding as of September 30, 2010, are as follows:

<u>Year Ending September 30</u>	<u>GO Bonds Principal</u>	<u>GO Bonds Interest</u>	<u>Revenue Bonds Principal</u>	<u>Revenue Bonds Interest</u>	<u>Total</u>
2011	\$ 42,000	\$ 6,531	\$ 58,240	\$ 152,170	\$ 258,941
2012	46,000	3,593	61,217	149,192	260,002
2013	6,000	1,887	64,350	146,060	218,297
2014	6,000	1,572	67,642	142,768	217,982
2015	6,000	1,258	71,102	139,307	217,667
2016-2020	20,000	1,705	413,948	638,101	1,073,754
2021-2025	0	0	531,245	520,806	1,052,051
2026-2030	0	0	681,777	370,271	1,052,048
2031-2035	0	0	874,965	177,084	1,052,049
2036-2037	0	0	259,511	7,981	267,492
Total	<u>\$ 126,000</u>	<u>\$ 16,546</u>	<u>\$ 3,083,997</u>	<u>\$ 2,443,740</u>	<u>\$ 5,670,283</u>

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE 8        LEASES**

The South Toledo Bend Waterworks District was not obligated under any noncancellable capital or operating lease commitments at September 30, 2010.

**NOTE 9        LITIGATION**

There was no outstanding litigation against South Toledo Bend Waterworks District at September 30, 2010.

**NOTE 10       RETIREMENT**

Substantially all employees of the South Toledo Bend Waterworks District are members of the Parochial Employees' Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A and Plan B, employees who retire after 30 years of creditable service regardless of age, 25 years of creditable service and at least 55 years of age, or 10 years of creditable service and at least 60 years of age are entitled to a retirement benefit, payable monthly for life, equal to 3% of their average compensation for any 36 months of consecutive service in which their compensation was highest, multiplied by their years of creditable service. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Plan members are required by state statute to contribute 9.50% of their annual covered salary and the South Toledo Bend Waterworks District is required to contribute at an actuarially determined rate. The rate was 12.25% from October 1, 2009 through December 31, 2009 and 15.75% from January 1, 2010 through September 30, 2010 of annual covered payroll. The contribution requirements for plan members and the South Toledo Bend Waterworks District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The South Toledo Bend Waterworks District contributions to the System for the years ended September 30, 2010, 2009 and 2008, were \$34,178, \$26,136 and \$28,977, respectively, equal to the required contributions for each year.

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010

**NOTE 11      AD VALOREM TAXES**

The ad valorem taxes are dedicated solely for the payment of general obligation bonds and the interest thereon.

Ad valorem taxes are assessed on a calendar year basis, become due on October 31 of each year, and become delinquent on January 1. All ad valorem tax revenues are recognized in compliance with NCGA Interpretation 3 and GASB Codification P70 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

For the 2010 tax year, taxes of 5.80 mills were levied on property within its boundaries with assessed valuation of \$11,659,796 and a taxable value of \$8,665,825 and were dedicated solely for the payment of general obligation bonds and interest thereon. Total taxes levied were \$50,259. Taxes receivable at September 30, 2010 were \$0.

## **OTHER SUPPLEMENTARY INFORMATION**

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
SEPTEMBER 30, 2010

SCHEDULE 1

<u>Members</u>	<u>Meetings</u>	<u>Amount</u>
Dianne Lampman	13	\$ 780
Frances Walker	10	600
Jeff Webb	11	660
Robert Marshall	12	720
Rodney DeRouen	13	780
William Menasco	1	<u>60</u>
Total		<u>\$ 3,600</u>

SCHEDULE 2

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

**SECTION #1**

**SUMMARY OF AUDITORS' RESULTS**

FINANCIAL STATEMENTS

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditors' report issued.   | Unqualified   |
| 2. | Internal control over financial reporting:   |               |
|    | a) Material weakness(es) identified?   | No            |
|    | b) Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. | Noncompliance material to financial statements noted?  | No            |

**SECTION #2**

FINANCIAL STATEMENT FINDINGS

None reported.

# HINES, SHEFFIELD & SQUYRES, L.L.C.

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
South Toledo Bend Waterworks District  
Many, Louisiana 71449

We have audited the basic financial statements of the South Toledo Bend Waterworks District, Many, Louisiana, a component unit of Sabine Parish Police Jury, as of and for the year ended September 30, 2010, and have issued our report thereon dated February 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the South Toledo Bend Waterworks District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Toledo Bend Waterworks District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Toledo Bend Waterworks District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Page #2

This report is intended solely for the information and use of the South Toledo Bend Waterworks District, management and the Louisiana State Legislative Auditor and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Hines, Sheffield & Squyres***

Natchitoches, Louisiana

February 14, 2011

SCHEDULE 3

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Fiscal Year		Corrective	Planned Corrective
	Finding		Action Taken	Action/Partial
	Initially		(Yes, No,	Corrective
<u>Ref. No.</u>	<u>Occurred</u>	<u>Description of Finding</u>	<u>Partially)</u>	<u>Action Taken</u>

Nothing came to our attention that would require disclosure under Government Auditing Standards.

SCHEDULE 4

SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Ref. No.</u>	<u>Description</u> <u>of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of</u> <u>Contact Person(s)</u>	<u>Anticipated</u> <u>Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.